

**COMMITTEE ON GOVERNMENT REFORM  
SUBCOMMITTEE ON ENERGY AND RESOURCES**



***OPENING STATEMENT OF  
CHAIRMAN DARRELL ISSA  
MARCH 16, 2005***

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Energy drives our economy, ensures our national security, and in large part determines our quality of life.

The current volatility in fuel prices and supplies raises real questions as to whether the current energy policy framework has failed U.S. consumers.

U.S. oil demand is soaring while domestic supplies are dwindling, forcing the U.S. to rely on imports for 60 percent of our consumption.

U.S. energy demand continues to increase. The Department of Energy has projected that total energy consumption from 2003 to 2025 will increase by 36 percent; petroleum demand will increase by 39 percent; and natural gas demand will increase by 40 percent. Overall electricity consumption will increase by more than 45 percent.

Growing U.S. energy demand must be viewed in the context of international demand for energy. The U.S. is now competing for a world commodity that will see dramatically increased rates of demand. Demand from China and India will continue to exert pressure in on the world's energy markets. World demand for crude oil typically grows annually at about one million barrels per day. In 2004, it grew 2.7 million barrels per day. This begins to approach total worldwide production capacity.

Electricity demand in the developing world is also increasing rapidly. In 2003, Chinese electricity consumption increased by 15.3 percent.

How the U.S. meets its growing demand and ensures its domestic supply of energy will require the full range of energy resources from proven sources like oil, coal, natural gas and nuclear, to more renewables and development of new technologies like the recent hydrogen initiatives.

This hearing today is intended to focus on the key energy issues confronting the United States. The Subcommittee will attempt to determine whether Congress is asking the right questions, and whether federal government agencies are taking the right actions to meet this growing demand and ensure our domestic supply of energy.

- How do the domestic supply situation and the increasing international demand for energy affect the United States?
- How can the U.S. continue to meet the domestic demand for energy while ensuring the future reliability, affordability, and sustainability of the energy supply?
- What factors contribute to the current volatility in fuel supply prices?

- Are federal government agencies taking the right actions to meet U.S. energy requirements in the 21st century?
- What issues or policies should Congress be looking at as a way of meeting the energy challenge of the future?

We look forward to hearing from the three witnesses today, in this our first hearing on these important issues.

Today, we are pleased to have:

- Mr. Jim Wells, Director, of Natural Resources and Environment at the United States Government Accountability Office. He has over 35 years of government related experience in the energy, natural resources and environmental issues.
- Mr. Guy Caruso, Administrator of the Energy Information Administration at the United States Department of Energy. Mr. Caruso has over 30 years of energy experience with particular emphasis on issues relating to energy markets, policy and security.
- Dr. Paul Portney is President of Resources for the Future, an independent research and education organization specializing in natural resources and the environment.